The Panama Canal, Cocaine, and Communism: An Analysis on the Timing of the U.S. Action Against General Manuel Noriega

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Abstract

This paper examines the timing of the 1989 U.S. invasion of Panama, codenamed Operation Just Cause. This often overshadowed event ties together and highlights two pivotal episodes in 20th-century American history: The War on Drugs and the Cold War. It analyzes why the U.S. government chose to act as late as 1989, given that the Bureau of Narcotics and Dangerous Drugs became aware of Noriega's involvement in drug trafficking as early as 1971. Namely, this essay argues that the U.S. government's decision to create and maintain a relationship with Noriega was part of a larger geopolitical strategy that prioritized the containment of communism in Latin America over the trafficking of illicit drugs. The decision to oust Noriega only occurred as the Cold War was ending and U.S. public opinion had shifted from a desire to contain communism to combating drug traffickers. This made Noriega, who had amassed a personal fortune through such activities and had begun to garner an image in the U.S. as a despotic dictator, a perfect target.

On the morning of 27 December 1989, members of the United States Marine Corps began blasting Van Halen's "Panama" and "I Fought the Law (and the Law Won)" outside the Vatican embassy in Panama City. This was done to force Manuel Noriega–the former de facto leader of Panama–to come out.[92] Other tactics, such as using low-flying helicopters to rattle the embassy's windows or using an armoured personnel carrier to nudge the embassy's gates menacingly, were also employed.[93] This attempt at psychological warfare proved successful as a beleaguered Noriega eventually surrendered and exited the embassy on 3 January 1990, where he was then taken into U.S. custody and extradited to Miami to face several criminal charges including money laundering, racketeering, and drug trafficking. These charges seem long overdue, however, when one considers that the Bureau of Narcotics and Dangerous Drugs became aware of Noriega's involvement in drug trafficking as early as 1971.[94] This means there was an 18-year gap between the U.S. government becoming aware of Noriega's criminal undertakings and it taking decisive action to end them. Moreover, given that the enormity of evidence collected against Noriega in his indictment made his culpability in drug trafficking explicitly clear, the question moves from 'Why did the U.S. arrest Noriega?' to 'Why did the U.S. arrest Noriega *when* they did?' This essay will argue that the U.S. government only chose to act against Noriega when the harm caused by his actions began to outweigh the benefits of his cooperation. From the 1960s until the mid-1980s, Noriega was able to create, develop, and maintain a relationship with the U.S. intelligence community. Noriega's usefulness in the Panama Canal Treaty talks and his ability to assist the U.S. in fighting against the spread of communism in Latin America meant that some of his nefarious activities, including drug smuggling and giving intelligence to bitter enemies of the U.S., went ignored. Beginning in the mid-1980s, however, Noriega had shown himself to be a despotic dictator who was willing to use fraud and violence to stay in power, as many of his criminal undertakings became known to the U.S. public. As the Cold War ended, U.S. policy in Latin America shifted from being characterized by a desire to contain communism to fighting the War on Drugs, which made a dictator who had amassed a personal fortune through drug trafficking a perfect target.

To understand the U.S. motivation for ousting Noriega, it is useful to understand why he was needed in the first place. Noriega's relationship with the U.S. began during the Cold War when the U.S. was determined to prevent the spread of communism in Latin America. Although sources differ on when Manuel Noriega's relationship with the U.S. exactly began, it is generally agreed upon that by 1960, when he was attending Peru's military academy, he was receiving payments from the U.S. for informing on

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[92] Frederick Kempe, *Divorcing the Dictator: America's Bungled Affair with Noriega* (New York: G. P. Putnam's Sons, 1990), 406.
[93] Ibid., 405.
[94] Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: Drugs, Armies, and the CIA in Central America, Updated Edition* (berkeley, California: University of California Press, 1992), 66.

communist students.[95] From 1966 to 1967, at the behest of his political mentor Omar Torrijos, Second Lieutenant Noriega attended the U.S.-created School of the Americas twice, where he was trained in jungle and counterintelligence operations.[96] During this period, he was also tasked with heading the National Guard's intelligence operations in Panama's North Zone, which enabled him to relay information to the U.S. regarding the formation of socialist unions in plantations owned by the United Fruit Company.[97] While these events demonstrate that Noriega had a blossoming relationship with the U.S. throughout the 1960s, it was the 1968 coup, in which Noriega's ally and mentor Omar Torrijos seized power, that Noriega's personal career and relationship with the U.S. truly escalated.

In August 1970 Noriega was rewarded for his loyalty towards Torrijos by being promoted to the command of G2, the newly expanded intelligence arm of the National Guard.[98] Noriega would use this position to provide the U.S. with intelligence regarding Torrijos' renegotiation of the Panama Canal treaties, while also using it to consolidate his power base in Panama. In 1973, when Torrijos went to Cuba as part of his larger plan to gain international support, which would later result in the U.S examination of the Panama Canal issue, Noriega debriefed the Central Intelligence Agency (CIA) on Torrijos' intentions.[99] Moreover, when Torrijos gave Noriega the task of organizing demonstrations outside of the U.S. embassy in Panama that would apply further pressure on the U.S. government, he did so while also relaying information on said protests to members of the U.S. Military Intelligence Corps.[100] Scholars differ on how much Noreiga was paid for these services. Margaret Scranton states that the CIA rewarded his intelligence-gathering capabilities by putting him on a monthly payroll in 1971,[101] while Frederick Kempe states that these payments had reached over $100,000 annually by 1976.[102] Whatever the case, it appears that Noriega made *at least* $400,000 from U.S. sources throughout his career, given that a federal prosecutor stated this in Noriega's indictment, as a rebuttal to Noriega's lawyers' claim that he had received over $10 million.[103] Noriega's relationship with the U.S. was not without tension, however, as the Bureau of Narcotics and Dangerous Drugs became aware in 1971 that Noriega had overseen the transportation of drugs from across Latin America into Panama, where it was then trafficked into the U.S.[104] The Nixon administration was so concerned

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[95] Andrew Zimbalist, "Why Did the U.S. Invade Panama?" *Radical America* 23, no. ⅔ (March 1989): 8.
[96] John Dinges, *Our Man in Panama: How General Noriega Used the United States and Made Millions in Drugs and Arms*. 1st ed. New York: Random House, 1990, 38-39.
[97] Andrew Zimbalist, "Why Did the U.S. Invade Panama?" 8.
[98] Dinges, *Our Man in Panama*, 49.
[99] Ibid., 78.
[100] Ibid. 81.
[101] Margaret E. Scranton, *The Noriega Years: U.S.-Panamanian Relations, 1981-1990 (Boulder, Colorado: L. Rienner Publishers, 1991), 14.*
[102] Kempe, *Divorcing the Dictator*, 90.
[103] Steven Albert, *The Case Against the General: Manuel Noriega and the Policitics of American Justice*. New York: C. Scribner's Sons, 1993, 223.
[104] *Cocaine Politics: Drugs, Armies, and the CIA in Central America*, 66.

by these reports that it devised several plans in 1972 to eliminate Torrijos and Noriega, including by killing them, although these plans fizzled out after the Watergate Scandal came to national attention.[105]

Under the Ford administration, Noriega became an indispensable part of the American intelligence apparatus in Latin America. This is demonstrated by the fact that by 1976, Noriega acted as the liaison to the CIA, Federal Bureau of Investigation (FBI), Customs, Drug Enforcement Agency (DEA), and several other military intelligence agencies.[106] The Carter administration similarly chose not to act against Noriega, partly out of a desire to see the Panama Canal Treaty talks, which had lasted 14 difficult years under four different administrations, succeed. This is seen poignantly in how the Carter administration handled the "Singing Sergeants" affair. In October 1977, only a month after the Treaties had been signed, Congress became aware that Torrijos' office had been bugged by U.S. agents since 1974 to discover any communist ties, and that Noriega had bought some of the tapes from at least one U.S. Army sergeant.[107] When a subcommittee, composed of senators who opposed the Canal Treaties, issued subpoenas to investigate whether or not the information sold to Noriega had affected the outcome of treaty negotiations, they were denied by Attorney General Griffin Bell, a close friend of Carter's, and the hearing was forced to cancel.[108] If it had come to light that Noriega had taken advantage of a U.S. intelligence apparatus that was not supposed to exist in the first place, it may have soured bilateral relations to the point that the talks would be abandoned. After the treaty talks were ratified, the Carter administration was presented with yet another reason to protect Noriega and Torrijos in 1980 when Panama agreed to take in the exiled Shah of Iran.[109]

A bigger reason for protecting Noriega emerged in 1979 when the left-wing Sandinistas took control of power from the dictator Anastasio Somoza in Nicaragua. When Reagan entered office on a staunchly anti-communist platform in 1981, he immediately looked to Noriega to assist in sending aid to the Contras, the right-wing paramilitary fighting in Nicaragua. From 1982 to 1985 Noriega participated in Operation Black Eagle, in which Reagan's administration exploited a loophole in the Boland Amendments, which sought to limit U.S. support for the Contras, partly by using Panamanian airfields to ferry supplies to the Contras.[110] Noriega also allowed the U.S. to run an espionage operation out of the Howard Air Force Base in Panama; in addition, three more bases were used as training grounds for Contra Troops.[111] In exchange for Noriega's cooperation, U.S. officials chose to ignore the fact that Noriega had begun to use the arms transportation network to ship marijuana and cocaine into

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[105] Kempe, *Divorcing the Dictator*, 77-80.
[106] Albert, *The Case Against the General*, 211.
[107] Kempe, *Divorcing the Dictator*, 91.
[108] Ibid., 92.
[109] Steven, *The Case Against the General*, 211.
[110] Scranton, *The Noriega Years,* 12.
[111] Zimbalist, "Why Did the U.S. Invade Panama?" 9.

the southern United States.[112] The CIA also put him back on a monthly payroll, which had paused under Carter's administration.[113] With the birth of the Medellin Cartel in 1981, Noriega's trafficking activities would reach new heights.

Following Torrijos' death in a plane crash in 1981, Noriega took de facto control of Panama in 1983 by transforming the National Guard into the Panamanian Defence Forces (PDF). Noriega expanded the role of the PDF to include customs and immigration services and took total control of Panama's entire transportation network.[114] At the same time as this was occurring, the Medellin Cartel was experiencing a crackdown in Colombia and was looking for foreign partners; Panama fit the perfect description.[115] Aiding this relationship was the fact that Panama had created a robust international banking centre–partly at the behest of the U.S. who believed it would deter the country from communism–that would also be conducive to large-scale money laundering.[116] Thus throughout the early 1980s, Noriega made large sums from drug trafficking and money laundering for the Medellin cartel as he accepted bribes, "cuts" on loads delivered, and protection money, with 1984 serving as the peak year of Panamanian involvement in the drug trade.[117] However, throughout the early 1980s Noriega also took steps to make his informal assumption of power more palatable to the democratic government in the U.S.

In 1984 Panama held presidential elections in which the U.S.-favoured candidate, the former vice president of the World Bank Nicky Barletta, won. Although Barletta didn't actually win as Noriega skewed the election results in Barletta's favour, the election nonetheless represented to the U.S. that Panama was taking concrete steps towards democratic government.[118] The path to Panamanian democracy was short-lived, however, as Barletta was forced to resign by the PDF after the discovery of Dr.Hugo Spadafora's body in September 1985. Spadafora, a known critic of Noriega, had publicly stated in 1984 that it was a national disgrace to have Panama governed by an international drug trafficker.[119] Likely as a response to this criticism, Noriega ordered the PDF to have Spadafora brutally tortured, before he was beheaded and had his headless body placed into a U.S. mail sack.[120] National and international outrage pressured Barletta into stating that he would establish an independent commission to investigate the murder.[121] As a response to Barletta's statements, Noriega deposed him

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[112] Scranton, *The Noriega Years*, 12.
[113] Kempe, *Divorcing the Dictator*, 90.
[114] Steve C. Ropp, "Explaining the Long-Term Maintenance of a Military Regime: Panama Before the U.S. Invasion," *World Politics* 44, no. 2 (January 1992): 227.
[115] Scranton, *The Noriega Years,* 14.
[116] Ibid.
[117] Ibid.
[118] Zimbalist, "Why Did the U.S. Invade Panama?" 8.
[119] Steve Ropp, *General Noriega's Panama, Current History* 85, no. 515 (1986): 422.
[120] Bruce Watson and Peter Tsouras, eds., *Operation Just Cause: The U.S. Intervention in Panama* (New York, NY: Routledge, 2019), 36.
[121] Ibid.

and installed a more amenable president, Eric Devalle. While the murder of political opponents certainly led to a deterioration of relations between the U.S. and Noriega, the American media also played a significant role.

In June 1986 *The New York Times* investigative journalist Seymour Hersh released a series of articles containing damning accusations against Noriega. The articles cited Noriega's long involvement in drug transactions on the Isthmus, his offering of protection to drug traffickers, involvement in election fraud, political violence, supplying left-wing revolutionaries, and his passing on intelligence information to both Cuba and the United States for 15 years.[122] Although none of this was necessarily news to insiders, the series did spark a temporary surge in coverage that shocked the U.S. public and forced the U.S. government to reconsider its policy towards Panama. This is demonstrated by the fact that a senior Reagan administration official is cited as saying that while "in the past, we needed Noriega, but now Hersh's charges might force a reevaluation of that relationship."[123] But the media's role was not over yet. In June 1987 Diaz Herrera, the Panamanian Chief of Staff and second only to Noriega, became aware that Noriega was preparing to oust him and responded by launching a series of interviews and press conferences in which he accused Noriega of similar crimes. Herrera stated that the PDF was heavily involved in drug trafficking, that Noriega had orchestrated the 1981 death of Torrijos, rigged the 1984 election, and had participated in the illegal sale of visas to Cubans.[124] The U.S. Senate responded to public outrage over these accusations against Noriega by passing Resolution 239 on 26 June 1987, in which they called on Noriega to step down pending an investigation into Herrera's claim of election fraud.[125]

Thus by 1987 Noriega had cultivated an image in the U.S. as being a duplicitous, despotic dictator who was willing to use both violence and the U.S. intelligence apparatus to further his objectives. Moreover, the U.S. public was made aware of Noriega's involvement in cocaine trafficking at a time when public opinion was increasingly centred on tackling the drug problem, as cocaine-related hospitalizations began to soar across the country. In a January 1985 Gallup Poll, only two percent of Americans listed drug abuse as the most important issue facing the country.[126] By November 1989, when the U.S. public had become well aware of Noriega's activities through the media, this figure had risen to 38%.[127] Therefore, there was enormous pressure to act against drug traffickers like Noriega, and the U.S. government responded by issuing two federal indictments against him in February 1988, in which he was charged with a plethora of drug-related offences that could have landed him up

[122] Ropp, *General Noriega's Panama*, 424, 431.
[123] Scranton, *The Noriega Years*, 95.
[124] Watson and Tsouras, eds. *Operation Just Cause,* 38.
[125] Ibid., 39.
[126] Ibid., 36.
[127] Ibid.

to 165 years in prison.[128] Noriega continued on with his oppressive tactics, however, as he first annulled the May 1989 presidential election, then squashed a coup attempt organized by PDF officers against him in October 1989.[129] The immediate justification for a U.S invasion was given when members of the PDF killed a U.S. marine officer at a roadblock on 16 December 1989, just a day after Panama had declared that a state of war existed with the U.S.[130] This incident, and others like it that occurred in December 1989, convinced President Bush that a new level of violence was occurring, as Panamanian soldiers were out of control and Noriega was egging them on, and that action needed to be taken.[131] Bush authorized the invasion of Panama–codenamed Operation Just Cause–on 16 December 1989, and in a television address to the American nation, he stated its objectives: to protect American citizens in Panama, combat drug trafficking, defend Panamanian democracy, and protect the integrity of the Carter-Torrijos Panama Canal Treaties.[132]

Noriega's relationship with the U.S. was extremely complicated and experienced many highs and lows, even before he assumed *de facto* control in 1983. Noriega began receiving payments from U.S. intelligence agencies in the 1960s due to his gathering of information on fellow students at the Peruvian Military Academy.[133] Noriega received training from the U.S. at the infamous School of the Americas, where he became educated in matters related to counterintelligence and psychological warfare.[134] Throughout the 1970s and early 1980s Noriega aided the U.S. in achieving various geopolitical objectives: ratifying the Panama Canal Treaties, providing aid to the Contras in Nicaragua, and providing intel on communist activities in Cuba. As a reward for his cooperation, U.S. officials chose to ignore, and sometimes conceal, Noriega's corruption, acceptance of drug pay-offs, and assistance in money laundering through Panamanian banks.[135] By the mid-1980s–particularly after the murder of Spadafora in 1985–the benefits of cooperation, once deemed essential, were now overshadowed by the negative consequences of supporting a dictator widely regarded as a violator of human rights and a facilitator of drug trafficking. In light of this overwhelming information regarding Noriega's long relationship with various parts of the U.S. intelligence apparatus, Operation Just Cause appears to be a strange, if not downright deceptive title, given that the U.S government–through its dealings with Noreiga–played a fundamental role in creating the unjust conditions under which the invasion was justified.

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[128] Scranton, *The Noriega Years*, 128.
[129] Zimbalist, "Why Did the U.S. Invade Panama?" 11.
[130] Scranton, *The Noriega Years,* 199.
[131] Ibid.
[132] "A Transcript of Bush's Address on the Decision to use Force in Panama: The President." *New York Times,* Dec. 21, 1989.
[133] Zimbalist, "Why Did the U.S. Invade Panama?" 8.
[134] Dinges, *Our Man in Panama*, 38-39.
[135] Zimbalist, "Why Did the U.S. Invade Panama?" 9.

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